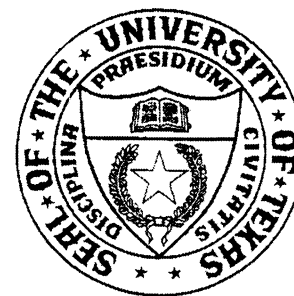


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**LEGISLATIVE APPROPRIATIONS REQUEST**  
**FISCAL YEARS 2018 AND 2019**



Submitted to the Governor's Office  
and the Legislative Budget Board

**THE UNIVERSITY OF TEXAS SYSTEM**  
**AVAILABLE UNIVERSITY FUND**

August 2016

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**THE UNIVERSITY OF TEXAS SYSTEM AVAILABLE UNIVERSITY FUND  
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## Schedules Not Included

<b>Agency Code:</b> 799	<b>Agency Name:</b> Available University Fund	<b>Prepared By:</b> Randy Wallace	<b>Date:</b> August 2016	<b>Request Level:</b> Baseline
<p><b>For the schedules identified below, the Available University Fund either has no information to report or the schedule is not applicable. Accordingly, these schedules have been excluded from the Available University Fund Legislative Appropriations Request for the 2018-19 biennium.</b></p>				
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**Administrator's Statement**

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**799 Available University Fund**

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THE UNIVERSITY OF TEXAS SYSTEM

PERMANENT UNIVERSITY FUND / AVAILABLE UNIVERSITY FUND ADMINISTRATOR'S STATEMENT

The University of Texas System is governed by a board of nine regents appointed by the Governor and confirmed by the Senate. Regents serve six year, staggered terms, with the terms of three members expiring on February 1 of odd-numbered years. In addition, the Governor appoints a Student Regent for a one-year term that expires on May 31. The members of the board, hometowns and ending dates of terms are as follows:

Chairman Paul L. Foster of El Paso (2-1-19); Vice Chairman

R. Steven "Steve" Hicks of Austin (2-1-21); Vice Chairman Jeffery D. Hildebrand of Houston (2-1-19); Alex Cranberg of Houston (2-1-17); Wallace Hall of Dallas (2-1-17); Brenda Pejovich of Dallas (2-1-17); Ernest Aliseda of McAllen (2-1-19); David Beck of Houston (2-1-21); Sara Martinez Tucker of Dallas (2-1-21); Student Regent Varun P. Joseph representing UT Health Science Center San Antonio (5-31-17)

The Chancellor of the UT System is William H. McRaven.

The Permanent University Fund (PUF) is a state endowment fund contributing to the support of twenty institutions and six agencies of The University of Texas System (UT System) and The Texas A&M University System (Texas A&M System). The Texas Constitution of 1876 established the PUF through the appropriation of land grants previously given to The University of Texas at Austin plus one million acres. The land grants to the PUF were completed in 1883 with the contribution of an additional one million acres of land. The Board of Regents of The University of Texas System (UT Board) manages the PUF.

Today, PUF Lands consist of approximately 2.1 million acres of land primarily located in 24 counties in north and west Texas. PUF lands produce two streams of income: mineral and surface. The UT Board has actively leased the surface and mineral interests of the PUF Lands since 1923. The UT Board remits mineral income to the PUF and distributes surface income to the Available University Fund (AUF) as mandated by the constitution.

Mineral income consists primarily of revenue from the periodic sale of mineral leases, royalties on gross revenues from oil and gas production, and other bonus payments. The Constitution requires that all mineral income and income from the sale of PUF Lands be retained within the PUF and invested in PUF investments. The funds are invested in a diversified portfolio of equity, fixed income, and derivative securities pursuant to an established investment policy.

The total book value of the PUF at August 31, 2015, was \$14,783,126,359. This amount included securities and cash of \$14,773,098,975, and land carried at a nominal value of \$10,027,384. Additions to the PUF during the 2014 fiscal year were \$793,246,825 including \$698,068,781 from oil, gas and sulphur royalties, \$17,634,463 from mineral lease rentals and bonuses, and \$23,543,581 from miscellaneous sources.

The UT Board entered into an investment management contract on March 1, 1996, with The University of Texas Investment Management Company (UTIMCO), to invest the PUF assets in accordance with section 66.08 of the Texas Education Code. PUF investments are invested in a diversified portfolio of equity, fixed income and derivative securities in accordance with the prudent investor standard. In accordance with the Constitution, distributions made from the PUF to the AUF are from the total return on all investments assets of the PUF, including the net income attributable to the surface of PUF land. Total return includes income return as well as realized and unrealized capital gains. Additionally, the expenses of managing PUF lands and investments are paid from PUF assets. The amount of any distributions to the AUF is determined by the UT Board in a manner intended to provide the AUF with a stable and predictable stream of annual distributions and to maintain over time the purchasing power of PUF investments and annual distributions to the AUF. The distributions to the AUF are subject to the following overriding conditions:

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**799 Available University Fund**

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1. A minimum amount equal to the amount needed to pay debt service on PUF bonds;
2. No increase from the preceding year (except as necessary to pay debt service on PUF bonds) unless the purchasing power of PUF investments for any rolling 10-year period has been preserved;
3. A maximum amount equal to 7 percent of the average net fair market value of PUF investments in any fiscal year, except as necessary to pay debt service on PUF bonds.

Distributions to the AUF from the PUF are allocated two-thirds for the benefit of eligible institutions of the UT System and one-third for the benefit of eligible institutions of the Texas A&M System. PUF distributions paid to the AUF are expended by each university system to fund two major programs:

- The Constitution authorizes the UT Board and the Texas A&M System Board (A&M Board) to issue bonds (PUF bonds) payable from their respective interests in PUF distributions to finance capital expenditures. The UT Board and A&M Board are authorized to issue bonds secured by each system's interest in PUF distributions in an amount not to exceed 20% and 10%, respectively, of the book value of PUF assets at the time of issuance. At August 31, 2015, The University of Texas System had outstanding PUF bonds and notes of \$2.169.1 million. When combined with the outstanding Texas A&M University System PUF bonds and notes of \$953.1 million, the outstanding debt is approximately 21.1% of the book value of the PUF, below the constitutional limit of 30%.
- PUF distributions, after payment of debt service on PUF bonds, are used to fund academic programs at UT Austin, Texas A&M University, and Prairie View A&M University.

Distributions from the Permanent University Fund investments are projected to be as follows:

Actual 2015 \$763.6 million  
Projected 2016 \$772.9 million  
Budgeted 2017 \$839.4 million  
Projected 2018 \$831.7 million  
Projected 2019 \$840.6 million

The projected PUF distributions are currently based on an assumed 10 year annual investment return of 5.45% which has been approved by the UTIMCO Board of Directors and is expected to be approved by the UT Board on August 25, 2016.

The UT Board has established a UT System Board of Regents' Rules and Regulations, Rule 80303 (Regents' Rule 80303), on "Uses of the Available University Fund." Regent's Rule 80303 sets UTIMCO's recommended distribution at 4.75% of the trailing 12-quarter average of the net asset value of the PUF for the quarter ending in February prior to the beginning of the new fiscal year. If the average annual rate of return on PUF investments over the trailing 12 quarters exceeds the expected return by 25 basis points or more, the recommended rate is to be 5.0%. However, the UT Board has the authority to distribute any amount that it deems appropriate up to a maximum rate of 7%. For FY 2015, the average annual return on the PUF investments for the trailing 12 quarters ending February 28, 2014, exceeded the expected return by 25 basis points or more. Therefore, the "default" distribution rate should have been 5.0% or \$694,138,768. However, the UT System Board of Regents elected to make a distribution of 5.5% or \$763,552,645.

For FY 2016 and FY 2017, the UT Board approved distribution amounts based on a 5.00% rate, which resulted in distribution amounts of \$772.9 million and \$839.4 million, respectively. For FY 2018 and FY 2019, a distribution rate of 4.75% has been assumed.

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**799 Available University Fund**

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Overall, the investments of the PUF are broadly diversified and of consistently excellent quality. Risk and return are continuously assessed to assure sound professional results in varied economic circumstances.

**Budget Overview - Biennial Amounts**  
**85th Regular Session, Agency Submission, Version 1**  
Automated Budget and Evaluation System of Texas (ABEST)

799 Available University Fund  
Appropriation Years: 2018-19

	GENERAL REVENUE FUNDS		GR DEDICATED		FEDERAL FUNDS		OTHER FUNDS		ALL FUNDS		EXCEPTIONAL ITEM FUNDS
	2016-17	2018-19	2016-17	2018-19	2016-17	2018-19	2016-17	2018-19	2016-17	2018-19	2018-19
	<b>Goal: 1. Provide Management and Administrative Support for Endowment Funds</b>										
1.1.2. Texas A&M Univ System Allocation							573,420,563	597,673,388	573,420,563	597,673,388	
1.1.3. The Univ Of Texas System Allocation							1,154,741,127	1,206,263,775	1,154,741,127	1,206,263,775	
<b>Total, Goal</b>							<b>1,728,161,690</b>	<b>1,803,937,163</b>	<b>1,728,161,690</b>	<b>1,803,937,163</b>	
<b>Total, Agency</b>							<b>1,728,161,690</b>	<b>1,803,937,163</b>	<b>1,728,161,690</b>	<b>1,803,937,163</b>	

2.A. Summary of Base Request by Strategy

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799 Available University Fund

Goal / Objective / STRATEGY	Exp 2015	Est 2016	Bud 2017	Req 2018	Req 2019
<b>1</b> Provide Management and Administrative Support for Endowment Funds					
<b>1</b> Available University Fund					
<b>2</b> TEXAS A&M UNIV SYSTEM ALLOCATION	271,051,532	273,492,230	299,928,333	297,344,732	300,328,656
<b>3</b> THE UNIV OF TEXAS SYSTEM ALLOCATION	544,275,963	551,284,460	603,456,667	599,367,464	606,896,311
TOTAL, GOAL <b>1</b>	<b>\$815,327,495</b>	<b>\$824,776,690</b>	<b>\$903,385,000</b>	<b>\$896,712,196</b>	<b>\$907,224,967</b>
TOTAL, AGENCY STRATEGY REQUEST	<b>\$815,327,495</b>	<b>\$824,776,690</b>	<b>\$903,385,000</b>	<b>\$896,712,196</b>	<b>\$907,224,967</b>
TOTAL, AGENCY RIDER APPROPRIATIONS REQUEST*				\$0	\$0
GRAND TOTAL, AGENCY REQUEST	<b>\$815,327,495</b>	<b>\$824,776,690</b>	<b>\$903,385,000</b>	<b>\$896,712,196</b>	<b>\$907,224,967</b>
<u>METHOD OF FINANCING:</u>					
<b>Other Funds:</b>					
11 Available University Fund	815,327,495	824,776,690	903,385,000	896,712,196	907,224,967
SUBTOTAL	<b>\$815,327,495</b>	<b>\$824,776,690</b>	<b>\$903,385,000</b>	<b>\$896,712,196</b>	<b>\$907,224,967</b>
TOTAL, METHOD OF FINANCING	<b>\$815,327,495</b>	<b>\$824,776,690</b>	<b>\$903,385,000</b>	<b>\$896,712,196</b>	<b>\$907,224,967</b>

\*Rider appropriations for the historical years are included in the strategy amounts.



**2.A. Summary of Base Request by Strategy**

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**799 Available University Fund**

**Goal / Objective / STRATEGY**

**Exp 2015**

**Est 2016**

**Bud 2017**

**Req 2018**

**Req 2019**

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**2.B. Summary of Base Request by Method of Finance**  
 85th Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

8/12/2016 3:19:35PM

Agency code: 799

Agency name: Available University Fund

METHOD OF FINANCING	Exp 2015	Est 2016	Bud 2017	Req 2018	Req 2019
<b><u>OTHER FUNDS</u></b>					
<b><u>11</u></b> Available University Fund No. 011					
<i>REGULAR APPROPRIATIONS</i>					
Regular Appropriations from MOF Table (2014-15 GAA)	\$657,354,731	\$0	\$0	\$0	\$0
Regular Appropriations from MOF Table (2016-17 GAA)	\$0	\$801,099,786	\$889,399,222	\$896,712,196	\$907,224,967
<i>BASE ADJUSTMENT</i>					
Revised Receipts	\$157,972,764	\$23,676,904	\$13,985,778	\$0	\$0
<b>TOTAL, Available University Fund No. 011</b>	<b>\$815,327,495</b>	<b>\$824,776,690</b>	<b>\$903,385,000</b>	<b>\$896,712,196</b>	<b>\$907,224,967</b>
<b>TOTAL, ALL OTHER FUNDS</b>	<b>\$815,327,495</b>	<b>\$824,776,690</b>	<b>\$903,385,000</b>	<b>\$896,712,196</b>	<b>\$907,224,967</b>
<b>GRAND TOTAL</b>	<b>\$815,327,495</b>	<b>\$824,776,690</b>	<b>\$903,385,000</b>	<b>\$896,712,196</b>	<b>\$907,224,967</b>

**2.B. Summary of Base Request by Method of Finance**  
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Automated Budget and Evaluation System of Texas (ABEST)

8/12/2016 3:19:35PM

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Agency code:       **799**

Agency name:     **Available University Fund**

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**METHOD OF FINANCING**

**Exp 2015**

**Est 2016**

**Bud 2017**

**Req 2018**

**Req 2019**

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**FULL-TIME-EQUIVALENT POSITIONS**

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**TOTAL, ADJUSTED FTES**

**NUMBER OF 100% FEDERALLY  
FUNDED FTEs**

2.C. Summary of Base Request by Object of Expense  
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 Automated Budget and Evaluation System of Texas (ABEST)

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799 Available University Fund

OBJECT OF EXPENSE	Exp 2015	Est 2016	Bud 2017	BL 2018	BL 2019
2009 OTHER OPERATING EXPENSE	\$815,327,495	\$824,776,690	\$903,385,000	\$896,712,196	\$907,224,967
<b>OOE Total (Excluding Riders)</b>	<b>\$815,327,495</b>	<b>\$824,776,690</b>	<b>\$903,385,000</b>	<b>\$896,712,196</b>	<b>\$907,224,967</b>
<b>OOE Total (Riders)</b>					
<b>Grand Total</b>	<b>\$815,327,495</b>	<b>\$824,776,690</b>	<b>\$903,385,000</b>	<b>\$896,712,196</b>	<b>\$907,224,967</b>

**2.D. Summary of Base Request Objective Outcomes**  
 85th Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation system of Texas (ABEST)

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**799 Available University Fund**

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Goal/ Objective / Outcome	Exp 2015	Est 2016	Bud 2017	BL 2018	BL 2019
1 Provide Management and Administrative Support for Endowment Funds 1 Available University Fund					
<b>KEY           1 Permanent University Fund (PUF) Expense as Basis Points of Net Assets</b>					
	23.00	23.00	23.00	23.00	23.00

**2.F. Summary of Total Request by Strategy**  
 85th Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

DATE : 8/12/2016  
 TIME : 3:19:36PM

Agency code: 799		Agency name: Available University Fund				
<b>Goal/Objective/STRATEGY</b>	<b>Base 2018</b>	<b>Base 2019</b>	<b>Exceptional 2018</b>	<b>Exceptional 2019</b>	<b>Total Request 2018</b>	<b>Total Request 2019</b>
<b>1 Provide Management and Administrative Support for Endowment Fun</b>						
<i>1 Available University Fund</i>						
2 TEXAS A&M UNIV SYSTEM ALLOCATION	\$297,344,732	\$300,328,656	\$0	\$0	\$297,344,732	\$300,328,656
3 THE UNIV OF TEXAS SYSTEM ALLOCATION	599,367,464	606,896,311	0	0	599,367,464	606,896,311
<b>TOTAL, GOAL 1</b>	<b>\$896,712,196</b>	<b>\$907,224,967</b>	<b>\$0</b>	<b>\$0</b>	<b>\$896,712,196</b>	<b>\$907,224,967</b>
<b>TOTAL, AGENCY STRATEGY REQUEST</b>	<b>\$896,712,196</b>	<b>\$907,224,967</b>	<b>\$0</b>	<b>\$0</b>	<b>\$896,712,196</b>	<b>\$907,224,967</b>
<b>TOTAL, AGENCY RIDER APPROPRIATIONS REQUEST</b>						
<b>GRAND TOTAL, AGENCY REQUEST</b>	<b>\$896,712,196</b>	<b>\$907,224,967</b>	<b>\$0</b>	<b>\$0</b>	<b>\$896,712,196</b>	<b>\$907,224,967</b>

**2.F. Summary of Total Request by Strategy**  
 85th Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

DATE : 8/12/2016  
 TIME : 3:19:36PM

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Agency code: 799                      Agency name: Available University Fund

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<i>Goal/Objective/STRATEGY</i>	<b>Base 2018</b>	<b>Base 2019</b>	<b>Exceptional 2018</b>	<b>Exceptional 2019</b>	<b>Total Request 2018</b>	<b>Total Request 2019</b>
<b>Other Funds:</b>						
11 Available University Fund	\$896,712,196	\$907,224,967	\$0	\$0	\$896,712,196	\$907,224,967
	<b>\$896,712,196</b>	<b>\$907,224,967</b>	<b>\$0</b>	<b>\$0</b>	<b>\$896,712,196</b>	<b>\$907,224,967</b>
<b>TOTAL, METHOD OF FINANCING</b>	<b>\$896,712,196</b>	<b>\$907,224,967</b>	<b>\$0</b>	<b>\$0</b>	<b>\$896,712,196</b>	<b>\$907,224,967</b>

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**FULL TIME EQUIVALENT POSITIONS**

**2.G. Summary of Total Request Objective Outcomes**  
 85th Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation system of Texas (ABEST)

Date : 8/12/2016  
 Time: 3:19:36PM

Agency code: 799 Agency name: Available University Fund

Goal/ Objective / Outcome

	BL 2018	BL 2019	Excp 2018	Excp 2019	Total Request 2018	Total Request 2019
1 Provide Management and Administrative Support for Endowment Funds						
1 Available University Fund						
<b>KEY 1 Permanent University Fund (PUF) Expense as Basis Points of Net Assets</b>						
	23.00	23.00			23.00	23.00



**3.A. Strategy Request**  
 85th Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

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**799 Available University Fund**

GOAL: 1 Provide Management and Administrative Support for Endowment Funds  
 OBJECTIVE: 1 Available University Fund  
 STRATEGY: 2 Texas A&M Univ. System Available Univ. Fund Allocation, estimated.

Service Categories:

Service: 19      Income: A.2      Age: B.3

CODE	DESCRIPTION	Exp 2015	Est 2016	Bud 2017	BL 2018	BL 2019
<b>Objects of Expense:</b>						
2009	OTHER OPERATING EXPENSE	\$271,051,532	\$273,492,230	\$299,928,333	\$297,344,732	\$300,328,656
<b>TOTAL, OBJECT OF EXPENSE</b>		<b>\$271,051,532</b>	<b>\$273,492,230</b>	<b>\$299,928,333</b>	<b>\$297,344,732</b>	<b>\$300,328,656</b>
<b>Method of Financing:</b>						
11	Available University Fund	\$271,051,532	\$273,492,230	\$299,928,333	\$297,344,732	\$300,328,656
<b>SUBTOTAL, MOF (OTHER FUNDS)</b>		<b>\$271,051,532</b>	<b>\$273,492,230</b>	<b>\$299,928,333</b>	<b>\$297,344,732</b>	<b>\$300,328,656</b>
<b>TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)</b>					<b>\$297,344,732</b>	<b>\$300,328,656</b>
<b>TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)</b>		<b>\$271,051,532</b>	<b>\$273,492,230</b>	<b>\$299,928,333</b>	<b>\$297,344,732</b>	<b>\$300,328,656</b>

**FULL TIME EQUIVALENT POSITIONS:**

**STRATEGY DESCRIPTION AND JUSTIFICATION:**

The Available University Fund allocable to the Board of Regents of Texas A&M University is hereby requested for the purpose of retiring obligations incurred under the authority of Article VII, Section 18 of the Texas Constitution, and may be expended for permanent improvements, new construction, equipment, repairs, and physical plant operation and maintenance, minority student scholarships and student recruitment, and educational and general activities of the Texas A&M University System pursuant to Article VII, Sections 11(a) and 18 of the Texas Constitution.

**3.A. Strategy Request**  
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**799 Available University Fund**

GOAL: 1 Provide Management and Administrative Support for Endowment Funds  
 OBJECTIVE: 1 Available University Fund  
 STRATEGY: 2 Texas A&M Univ. System Available Univ. Fund Allocation, estimated.

Service Categories:  
 Service: 19      Income: A.2      Age: B.3

CODE	DESCRIPTION	Exp 2015	Est 2016	Bud 2017	BL 2018	BL 2019
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**EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:**

**EXPLANATION OF BIENNIAL CHANGE (includes Rider amounts):**

<u>STRATEGY BIENNIAL TOTAL - ALL FUNDS</u>		<u>BIENNIAL</u>	<u>EXPLANATION OF BIENNIAL CHANGE</u>	
Base Spending (Est 2016 + Bud 2017)	Baseline Request (BL 2018 + BL 2019)	CHANGE	\$ Amount	Explanation(s) of Amount (must specify MOFs and FTEs)
\$573,420,563	\$597,673,388	\$24,252,825	\$24,252,825	For FY 2018-2019, a distribution rate of 4.75% has been assumed.
			<b>\$24,252,825</b>	<b>Total of Explanation of Biennial Change</b>

**3.A. Strategy Request**  
 85th Regular Session, Agency Submission, Version 1  
 Automated Budget and Evaluation System of Texas (ABEST)

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**799 Available University Fund**

GOAL: 1 Provide Management and Administrative Support for Endowment Funds  
 OBJECTIVE: 1 Available University Fund Service Categories:  
 STRATEGY: 3 The Univ. of Texas System Available Univ. Fund Allocation, estimated. Service: 19 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2015	Est 2016	Bud 2017	BL 2018	BL 2019
<b>Objects of Expense:</b>						
2009	OTHER OPERATING EXPENSE	\$544,275,963	\$551,284,460	\$603,456,667	\$599,367,464	\$606,896,311
<b>TOTAL, OBJECT OF EXPENSE</b>		<b>\$544,275,963</b>	<b>\$551,284,460</b>	<b>\$603,456,667</b>	<b>\$599,367,464</b>	<b>\$606,896,311</b>
<b>Method of Financing:</b>						
11	Available University Fund	\$544,275,963	\$551,284,460	\$603,456,667	\$599,367,464	\$606,896,311
<b>SUBTOTAL, MOF (OTHER FUNDS)</b>		<b>\$544,275,963</b>	<b>\$551,284,460</b>	<b>\$603,456,667</b>	<b>\$599,367,464</b>	<b>\$606,896,311</b>
<b>TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)</b>					<b>\$599,367,464</b>	<b>\$606,896,311</b>
<b>TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)</b>		<b>\$544,275,963</b>	<b>\$551,284,460</b>	<b>\$603,456,667</b>	<b>\$599,367,464</b>	<b>\$606,896,311</b>

**FULL TIME EQUIVALENT POSITIONS:**

**STRATEGY DESCRIPTION AND JUSTIFICATION:**

The Residue of the Available University Fund allocable to The University of Texas System is hereby requested for the purpose of retiring obligations incurred under the authority of Article VII, Section 18 of the Texas Constitution and, pursuant to the authorization of Article VII, Section 11(a) and 18 of the Constitution, for permanent improvements, new construction, equipment, repairs and rehabilitation, physical plant operation and maintenance, and education and general activities of The University of Texas System Administration, and The University of Texas at Austin.

**3.A. Strategy Request**  
 85th Regular Session, Agency Submission, Version 1  
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**799 Available University Fund**

GOAL: 1 Provide Management and Administrative Support for Endowment Funds  
 OBJECTIVE: 1 Available University Fund  
 STRATEGY: 3 The Univ. of Texas System Available Univ. Fund Allocation, estimated.

Service Categories:

Service: 19      Income: A.2      Age: B.3

CODE	DESCRIPTION	Exp 2015	Est 2016	Bud 2017	BL 2018	BL 2019
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EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

EXPLANATION OF BIENNIAL CHANGE (includes Rider amounts):

<u>STRATEGY BIENNIAL TOTAL - ALL FUNDS</u>		<u>BIENNIAL CHANGE</u>	<u>EXPLANATION OF BIENNIAL CHANGE</u>	
<u>Base Spending (Est 2016 + Bud 2017)</u>	<u>Baseline Request (BL 2018 + BL 2019)</u>		<u>\$ Amount</u>	<u>Explanation(s) of Amount (must specify MOFs and FTEs)</u>
\$1,154,741,127	\$1,206,263,775	\$51,522,648	\$51,522,648	For FY 2018 and FY 2019, a 4.75% distribution rate has been assumed.
			<u>\$51,522,648</u>	<b>Total of Explanation of Biennial Change</b>

**3.A. Strategy Request**  
85th Regular Session, Agency Submission, Version 1  
Automated Budget and Evaluation System of Texas (ABEST)

8/12/2016 3:19:36PM

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**SUMMARY TOTALS:**

<b>OBJECTS OF EXPENSE:</b>	<b>\$815,327,495</b>	<b>\$824,776,690</b>	<b>\$903,385,000</b>	<b>\$896,712,196</b>	<b>\$907,224,967</b>
<b>METHODS OF FINANCE (INCLUDING RIDERS):</b>				<b>\$896,712,196</b>	<b>\$907,224,967</b>
<b>METHODS OF FINANCE (EXCLUDING RIDERS):</b>	<b>\$815,327,495</b>	<b>\$824,776,690</b>	<b>\$903,385,000</b>	<b>\$896,712,196</b>	<b>\$907,224,967</b>
<b>FULL TIME EQUIVALENT POSITIONS:</b>					

**3.A.1. PROGRAM-LEVEL REQUEST SCHEDULE**  
 85th Regular Session, Agency Submission, Version 1

Agency Code: 799		Agency: Available University Fund				Prepared By: Randy Wallace					
Date: August 2016						16-17	Requested	Requested	Biennial Total	Biennial Difference	
Goal	Goal Name	Strategy	Strategy Name	Program	Program Name	Base	2018	2019	18-19	\$	%
A	Manage/Administer Endowment Funds	A.1.1	Texas A&M University System Allocation	A.1.1	Texas A&M University System Allocation	\$573,420,563	\$297,344,732	\$300,328,656	\$597,673,388	\$24,252,825	4.2%
A	Manage/Administer Endowment Funds	A.1.2	The University of Texas System Allocation	A.1.2	The University of Texas System Allocation	\$1,154,741,127	\$599,367,464	\$606,896,311	\$1,206,263,775	\$51,522,648	4.5%
Total Strategies						\$1,728,161,690	\$896,712,196	\$907,224,967	\$1,803,937,163	\$75,775,473	4.4%

**SCHEDULE 1**  
**SUMMARY BY APPROPRIATION BILL PATTERN**  
**EXPENSES OF REVENUE BEARING PROPERTY**

Agency	Agency Name: The University of Texas System Administration	Prepared By:	Date:			
799	Available University Fund	Randy Wallace	August 2016			
Item No.		Expended			Requested	
		Actual 2015	Projected 2016	Budgeted 2017	2018	2019
1	The Available University Fund allocable to the Board of Regents of Texas A&M University is hereby appropriated for the purpose of retiring obligations incurred under the authority of Article VII, Section 18 of the Texas Constitution, and may be expended for permanent improvements, new construction, equipment, repairs, and physical plant operation and maintenance, minority student scholarships and student recruitment, and educational and general activities of the Texas A&M University System pursuant to Article VII, Sections 11(a) and 18 of the Texas Constitution, estimated at . . . . .	\$ 271,051,532	\$ 273,492,230	\$ 299,928,333	\$ 297,344,732	\$ 300,328,656
2.	The Residue of the Available Fund allocable to The University of Texas System is hereby appropriated for the purpose of retiring obligations incurred under the authority of Article VII, Section 18 of the Texas constitution and, pursuant to the authorization of Article VII, Section 11(a) and 18 of the constitution, for permanent improvements, new construction, equipment, repairs and rehabilitation, physical plant operation and maintenance, and educational and general activities of The University of Texas System Administration, and The University of Texas at Austin, estimated at . . . . .	<u>544,275,963</u>	<u>551,284,460</u>	<u>603,456,667</u>	<u>599,367,464</u>	<u>606,896,311</u>
3.	<b>TOTAL AVAILABLE UNIVERSITY FUND estimated at . . . . .</b>	<u>\$ 815,327,495</u>	<u>\$ 824,776,690</u>	<u>\$ 903,385,000</u>	<u>\$ 896,712,196</u>	<u>\$ 907,224,967</u>

**SCHEDULE 2  
ESTIMATES OF INCOME**

Agency Code: 799	Name of Agency: The University of Texas System Administration Available University Fund	Prepared by: Randy Wallace	Date: August 2016			
		<b>INCOME</b>				
Item No.	Description	Actual 2015	Projected 2016	Budgeted 2017	Requested 2018	2019
Divisible with A&M University						
1.	Permanent University Fund Distributions	\$ 763,552,645	\$ 772,876,690	\$ 839,441,000	\$ 831,690,196	\$ 840,641,967
2.	Interest on AUF Daily Balances	0	0	0	0	
3.	Grazing and Hunting Lease Rental	6,551,123	4,500,000	5,525,000	5,525,000	5,525,000
4.	Surface Easements and Leases	37,357,531	41,600,000	39,000,000	39,000,000	39,000,000
5.	Exploration Permits	2,386,500	100,000	1,300,000	1,300,000	1,300,000
6.	Other Income - West Texas Lands	3,156,797	1,200,000	14,369,000	14,369,000	14,369,000
7.	Wine Royalties	150,000	200,000	150,000	150,000	150,000
8.	Gross Divisible Income	<u>813,154,596</u>	<u>820,476,690</u>	<u>899,785,000</u>	<u>892,034,196</u>	<u>900,985,967</u>
9.	Less: 1/3 to A&M University (Schedule 1, Item No. 1)	<u>271,051,532</u>	<u>273,492,230</u>	<u>299,928,333</u>	<u>297,344,732</u>	<u>300,328,656</u>
10.	Net 2/3 Share to The University of Texas System	542,103,064	546,984,460	599,856,667	594,689,464	600,657,311
Non-Divisible:						
11.	Interest on Daily AUF Balances	<u>2,172,899</u>	<u>4,300,000</u>	<u>3,600,000</u>	<u>4,550,000</u>	<u>6,239,000</u>
12.	Estimated Net Income, The University of Texas System Share (Schedule 2a, Item No. 1 and Schedule 1, Item No. 2)	<u><u>\$ 544,275,963</u></u>	<u><u>\$ 551,284,460</u></u>	<u><u>\$ 603,456,667</u></u>	<u><u>\$ 599,239,464</u></u>	<u><u>\$ 606,896,311</u></u>



**SCHEDULE 2a**  
**PROPOSED UTILIZATION OF NET AVAILABLE FUND INCOME**

Agency Code: 799	Name of Agency: The University of Texas System Administration Available University Fund	Prepared by: Randy Wallace			Date: August 2016	
Item No.	Description	Actual 2015	Projected 2016	Budgeted 2017	Requested	
					2018	2019
1.	Estimated Net Income - The University of Texas System Share (Schedule 2, Item No. 12 and Schedule 1, Item No. 2)	\$ 544,275,963	\$ 551,284,460	\$ 603,456,667	\$ 599,239,464	\$ 606,896,311
	Less Debt Service:					
	Permanent University Fund:					
2.	Series 2005A	12,794,000	-	-	-	-
3.	Series 2005B	1,711,163	-	-	-	-
4.	Series 2006B	14,851,563	14,851,563	14,851,563	14,851,563	14,851,563
5.	Series 2006C	4,074,593	2,021,250	-	-	-
6.	Series 2008A	19,408,749	19,405,388	19,480,468	19,364,577	19,359,401
7.	Series 2009A	13,155,000	13,155,000	13,155,000	13,155,000	13,155,000
8.	Series 2014A	12,017,000	12,017,000	12,017,000	12,017,000	12,017,000
9.	Series 2014B	17,876,700	17,874,500	9,191,000	9,191,000	9,191,000
10.	Series 2015A	5,022,506	21,027,525	31,653,725	31,771,125	31,773,625
11.	Series 2015B	-	17,513,430	17,515,900	17,515,900	17,517,400
12.	Series 2015C	-	2,672,884	4,763,556	4,763,556	4,763,556
13.	Series 2016A	-	2,737,258	9,478,938	9,478,738	9,476,988
14.	Series 2016B	-	-	7,952,917	17,951,000	17,950,000
15.	Other Bonds/Notes	16,062,784	15,000,000	8,064,234	12,309,073	32,597,756
16.	Subtotal, Debt Service	<u>116,974,058</u>	<u>138,275,798</u>	<u>148,124,300</u>	<u>162,368,531</u>	<u>182,653,289</u>
17.	Net Available University Fund Income	<u>\$ 427,301,905</u>	<u>\$ 413,008,662</u>	<u>\$ 455,332,367</u>	<u>\$ 436,870,933</u>	<u>\$ 424,243,022</u>
	Allocations to:					
	System Administration					
18.	Operating Budget	\$ 48,755,171	\$ 99,453,164	\$ 108,910,297	\$ 112,252,221	\$ 115,694,402
19.	External Audit	835,670	1,906,105	2,487,164	2,487,164	2,487,164
20.	System-Wide Initiatives	134,905,045	28,200,000	-	-	-
	The University of Texas at Austin					
	For Educational Programs and Projects (over and above					
21.	General Appropriation)	238,190,000	242,845,000	271,560,000	269,660,000	273,105,000
22.	U. T. Medical School	25,000,000	25,000,000	25,000,000	25,000,000	25,000,000
23.	System-wide Technology and Telecommunications	1,060,000	1,060,000	1,060,000	1,060,000	1,060,000
24.	Other UT Austin Support	4,086,713	68,821,000	-	-	-
25.	Net Allocations of Available University Fund Income	<u>\$ 452,832,599</u>	<u>\$ 467,285,269</u>	<u>\$ 409,017,461</u>	<u>\$ 410,459,385</u>	<u>\$ 417,346,566</u>



